

Medically Needy Income Disregards
Revised 7/14/03

The following disregards **only** apply to MA/FM, MA/RK, MA/FW and MA/QP households which have been determined **Medically Needy** .

Earned Income Disregards (Step 1)

In order to determine whether a household is eligible for Medicaid as non-medically needy or medically needy for these sub-types, the households income is handled as follows:

1. The total countable earned and unearned income is tested against the FMA Gross Monthly Income (GMI) standard;

Fails GMI: Medically Needy
2. If the household passes the GMI test, apply the earned income disregards (\$200 work allowance; 25% disregard; \$200/mo/individual dependent care) and test the case against the FMA Net Monthly Income (NMI) standard;

Fails NMI: Medically Needy
3. If the household passes the NMI test, compare the income (less disregards) to the FMA Benefit Standard. If the countable household income is less than the FMA benefit standard, the household is eligible for Medicaid (non-medically needy).

Fails MA/FM Benefit Standard: Medically Needy

Medically Needy Disregards (Step 2)

Each case which is determined Medically Needy according to Step 1 (above), must now be evaluated using the medically needy income disregards as follows:

1. The total countable earned and unearned income is tested against the FMA Gross Monthly Income (GMI) standard;

Fails GMI:
 - a. No Disregards Allowed
 - b. Test against Medically Needy Income Limit (MNIL) to determine incurment amount.
2. If the **Medically Needy case passes the GMI test**, apply the following FMA income disregards and test the case against the NMI standard:
 - a. allow \$90 disregard from each wage earner's earned income; and
 - b. allow dependent care (up to \$200/month for children under age 2; \$175/month for individuals age 2 or older).

Note: A case which has already been determined Medically Needy does not need to be tested against the FMA benefit standard after the NMI test because household income in excess of the FMA benefit standard is what determined the case as medically needy. Instead, these cases are tested against the Medically Needy Income Limit (MNIL) to determine whether or not the case has an incurment.

If the household exceeds the MNIL, the case will have an incurment. If the household's income does not exceed the MNIL, the case is considered Medically Needy without an incurment.

3. If the **Medically Needy case fails the NMI test**, evaluate the case to determine whether the household has received non-medically needy MA/FM in one (1) of the four (4) previous months.

- A. If the case **has** received MA/FM (non-medically needy) in one (1) of the four (4) previous months apply the following additional Medically Needy disregards and test the case against the **MNIL** to determine whether the case has an incurment:

- a. allow a \$30 + 1/3 disregard for four (4) consecutive months; and
- b. continue the \$30 disregard for an additional eight (8) months.

Note: When the 30 + 1/3 disregard has been used for four (4) consecutive months, the four (4) month continuous cycle begins again only if there has been a twelve (12) consecutive month break in MA assistance.

If a break in assistance occurs at any point prior to the use of four (4) consecutive months, the four (4) month continuous cycle begins again.

- B. If the case **has not** received MA/FM (non-medically needy) in one (1) of the four (4) previous months:

- a. Allow **only** the \$90 and dependent care disregard;
- b. Test against Medically Needy Income Limit (MNIL) to determine the incurment amount.

4. If the **Medically Needy case passes the NMI** test, apply the following additional Medically Needy disregards and test the case against the MNIL to determine whether the case has an incurment:

- a. allow a \$30 + 1/3 disregard for four (4) consecutive months; and
- b. continue the \$30 disregard for an additional eight (8) months.

Note: When the 30 + 1/3 disregard has been used for four (4) consecutive months, the four (4) month continuous cycle begins again only if there has

been a twelve (12) consecutive month break in MA assistance.

If a break in assistance occurs at any point prior to the use of four (4) consecutive months, the four (4) month continuous cycle begins again.